# Effect of Social and Economic Service Expenditure on Economic Development in Nigeria, (2006 – 2016).

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***Abstract***
*Government of every nation in the world spends on social and economic services such as security, health, education, servicing of federation debts, capital investments and administrative expenses. Social and economic services expenditure investment especially on productive venture is expected to accelerate the pace and level of economic development. This study therefore seeks to examine the effect of social and economic service expenditure on economic development (2006 – 2016). Data used in the study was on Gross Domestic Product (GDP), Gross National Product (GNP), social and economic services expenditure in indicators Health and Education and it was source for and extract from the Central Bank of Nigeria online statistical database and (https://www.indexmundi.com). The data spanned from 2006 -2016. The method Ordinary Least Square (OLS) multiple regression technique was used to estimate the hypotheses formulated in line with the objectives of this study. The results of this study revealed that the Federal social and economic service expenditure has no positive and insignificant impact on the economic development of Nigeria for the period under study. In view of the above facts, it was recommended that government should allocations diversify more resources to other sectors of the economy such as agriculture and industry into bring about feasible economic development.*

***Keywords:*** *Social Service, Economic Service, Expenditure and Economic development.*

## Introduction

Nigeria political economy since May 29, 1999, according to Nnamani, Desmond and Chilaka (2012) description reflect a state in dire need of complete overhaul and reforms, most especially long years of military leadership that was characterized with poor social and economic service expenditure that is so unfriendly to both domestic and foreign investments. This has overbearing effects on the populace. Nnamani, Okechukwu and Chigozie, (2012) observed that these unpleasant experiences sometimes serves as a cure- all for the various pro-democratic activism that fought to unseat the military region in order to enthronement a better democratic governance under the new dispensation.

In reaction to the myriad of challenge besieging the country under the leadership of president Obasanjo 199 – 2007, According to Nnamani, Okechukwu and Chigozie (2012) Nigeria experience allot of intervention both in the area of social and economic services expenditure reforms. However, few years after these interventions and various Government initiatives, the living condition of Nigerian masses are yet to show evidence of improvement. There are still high rate of infrastructural decay, a country ravaged by poverty and poor maintenance culture.

The advent of democracy since 1999 has been characterized with geometric increase in more frustrations and despair as the masses no longer have faith in the entire system. Globally, Social and economic service expenditure that has been a source of hope for scholars, researchers and macro economic policy makers due to its effects on many countries level of economic development have been neglected. According to Males (2003), many political philosophers in the likes of Hobbes and lack now look at the hypothetical disadvantages of life with out government. This must have reveal a situation where governments in Nigeria and other developing countries where markets failures and other socially unwarranted vices are mostly driven, as a way to exercise greater controls and discretion over their economics. Bonmwa and Ogboru (2012) opined that they do this through periodic planning, allocation of resources and productive spending in Critical areas such that it is of social and economic need of the populace. Therefore, Government social and economic services expenditure has become an important for self- sustaining productivity improvement, long-term growth and well-being of her citizenry. Sustained and equitable economic development is clearly a predominate objective of government social and economic service expenditure policy.

According to Nwami, (2012) social service expenditure here has to with a wide concept which encompasses improvement in the social status of the people and society in general. It entails in reality and not by playing gimmicks in the provision of such services as health, housing, education, portable water and electricity with the main target of reducing poverty and improving the citizens' conditions. What has been so worrisome; however is that despite the huge increase allocation for social and economic service expenditure in Nigeria, it has not in anyway simulated economic development. Heller (2012) define what constitute an economic development as the increases in natural economics, the macro economic indicators such Gross Domestic Products (GDP) per capital in an ascendant but not necessarily Linear direction, with positive effects on the socio-economic sector. Haller (2012), further opined that economic development is a process of quantitative, qualitative and structural changes with a positive impact on the economy and the populations standard of living, especially as they are at the receiving end of the brunt.

Also, Niloy, (2003) revealed that over the past decades, social and economic service expenditure has been in geometric increase through government various activities and interactions with its ministries, departments and agencies. Central Bank of Nigeria statistical Bulletin (2015), available statistical data reveal that total government recurrent expenditure from the Year 1990 and 2002 accounted for N36.2 billion and N696.8 billion, subsequently, N984.3 billion and N3,831.9 billion in 2003 and 2015 according. Also total capital expenditure from the year 1990 and 2002 accounted for N36.2 Billion and N69.8 billion subsequently, N984.3 billion and N3, 831.9 billion in 2003 and 2015 accordingly. Also total capital expenditure in these years amounted to N24.0 billion and N321.3 billion as well as N241.6 billion and N818.3 billion respectively. On the other hand, the total gross domestic product (GDP) boasted by social and economic service expenditure variables within the said period under the study which amounted to N499.6 billon and N9, 4144.9 billion accordingly. However, the basic challenge therefore is what has happened to social and economic service expenditure which has been considered as a recipe for economic development?

In an attempt to solve the various challenges confronting social and economic service expenditure and its corresponding effect on economic development of Nigeria, a lot of studies have actually been done in this area but these studies are characterized with some irregularities. A wealth of literatures existing in this area focuses on public expenditure with little or no considerations to social and economic service expenditure, its indicators and their corresponding effect on economic development in Nigeria. Also another observations from the studies carried out in this areas is that their results have been mixed, depending on several factors which include sample period, method adopted, estimation technique and majority of the countries under consideration (either developed or developing). Therefore, this study among other things is targeted to filling the existing gap in literature as it focuses on social and economic services expenditure on economic development between 2006 and 2016.

**Statement of the Problem**

Despite annual continuous increasing government social and economic service expenditure in Nigeria, the problem of converting this to a corresponding economic development of the country has been discouraging over the years. This is revealed by high rate of unemployment, high illiteracy rate, and the populace continue to Smack in abject poverty, while more than 65% of its people live on less than United State 1 per dollar (Boninwa and Ogboru, 2017). WHO (2017), observed that as high as 70% of Nigerians lack basic medical care, they do not have access to good, clean and portable drinking work and basic sustainable means of livelihood. According to (Bonmwa and Ogboru, 2017), other macro- economic indicators such as balance of payment, import obligations (35.2 Billion as Dollar), inflection rate (15.7%), Unemployment (14.2%), exchange rate (304.7) and national saving’s (13.1% GDP) shows that Nigeria had not fared well in the four decade in spite of the fact that Nigeria is seen as the largest economy in Africa with an estimated Gross Domestic product (GDP) of US$ 510 Billion (World Bank, 2012 and CIA, 2016).

Also, Nigeria is classified as a mixed economic nation, an emerging market and of middle income status with great potential (World Bank, 2011). Despite all this rich resources and large internal market, Abata and Adejuwon (2011) still regard the country as impoverished. The issues here is that in view of the importance of social and economic service expenditures injected into developing the economy, there is need to determine the actual effect of social and economic service expenditure. It is evidently clear that increasing social and economic service expenditure has not yielded the desired development and growth in Nigeria. Therefore, this study will attempt to provide answers to the challenge as well as reasons why social and economic service expenditure has not brought sufficient transformed leading to economic development in

Nigeria.

**Aim and Objectives of the Study**

The main aim of the study is to investigate the effect of social and economic service expenditure on economic development (2006 - 2016), while specific objectives of the study includes to:

i. Ascertain the effect of social and economic services expenditure in health and education on economy development (GDP) in Nigeria.
ii. Ascertain the effect of social and economy service in health and education on economic development (GNP) in Nigeria.

**Research Questions**

The following research questions were raised to guide the study:

i. What is the effect of social and economic service expenditure in health and education on economic development (GDP) in Nigeria?
ii. What is the effect of social and economic service expenditure in Health and education on economic development (GNP) in Nigeria?

**Hypotheses**

The following hypotheses were guided in the study:

**H01**: Social and economic service expenditure in health and education has no effect on economic development (GDP) in Nigeria.

**H02**: Social and economic service expenditure in Health and education has no effect on economic development (GNP).

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**REVIEW OF RELATED LITERATURE**

This section review related literature to this study under the following sub-headings: theoretical framework, conceptual framework and empirical review of related literature.

**Theoretical Framework**

Nworgu, (2006) defined theory as preposition that account of explain certain phenomena of events in concept related to the study under consideration. It could be liken to a set of principle upon which a particular concept and seen behind a study is passed. Sequel to the above, the following theories guide this study; they include: the classical economic theory, the Keynesean theory and Musgrave theory of public expenditure growth.

The classical economic theory as proposed by Hall and Hitch (1939), believed that government intervention brings more harm than good to an economy and that the private sector through the interplay of the forces of supply and demand should carry out most of the economic activity (Bonmwa and Ogboru, 2017).

According to the classical dichotomy as reveal in (Bonmwa and Ogboru, 2017), in (Bonmwa and Ogboru, 2017), an increase in the total amount of money expended by Government in a sector of the economy may leads to a proportionate increase in all monetary prices, with little of no change in the allocation of resources of the level of economic development indicator, which is other wise known as money monetary.

The relevance of this theory to this study is that for certain unavoidable responsibilities like national defence, the administration of justice and provision of certain socially necessary institutions such as educational and wealth institutions that private interest might neglect, the government needs to stay out of economic sphere.

Conversely, according to (Bonmwa and Ogboru, 2017), Wagner designed three fiscal bases for the increase in state expenditure. One, during industrialization process, public sector activity will over take private sector and other state functions to be perform by Government such as administrative and protective functions which will eventually grow the economy. Secondly, he further suggested that governments need to provide cultural and social welfare service like education, old age pension of retirement insurance, public health, environmental protection programs and other welfare functions. Thirdly, industrialization should be increase in order to bring out technological change and major firms monopolized economic activities. Governments will have to offset these effects by providing social goods through mean budgetary allocation. In another development, Wagner further acknowledges that public spending is an endogenous factor, which can be determined by the development of national income.

The Keynesian theory was propounded by John Maynard Keyness in 1936 as it is cited in (Bonmwa and Ogboru, 2017). Keyness believes “we are all dead in the long run” and therefore we need government intervention is a short term cure (Bonmwa and Ogboru, 2017).
The relevance of this theory to the study is that government spending is a tool that will brings stability in the short run but need to be done with caution as too much of public expenditure many cause inflation while little of it may lead to unemployment. Keynesian through public expenditure (social and economic service) can be a panacea to positively developed the economy.

Similarly, Musgrave theory of public expenditure growth as it was propounded by Musgrave states that changes in the inure elasticity of demand for public services may likely leads to change in three ranges of per capital income (Chude & Chude, 20013). In another way, this law states that at low levels of per capital income, demand for public services tends to be very low because such incomes are meant to satisfying primary needs are diverted.

The main idea about this concept is that when per capital income begins to rise above certain levels of low income, there is corresponding demands for services supplied by the public sector such as Education, health, transportation thereby encouraging government to increase social and economic service expenditure in this area.

**CONCEPTUAL FRAMEWORK**

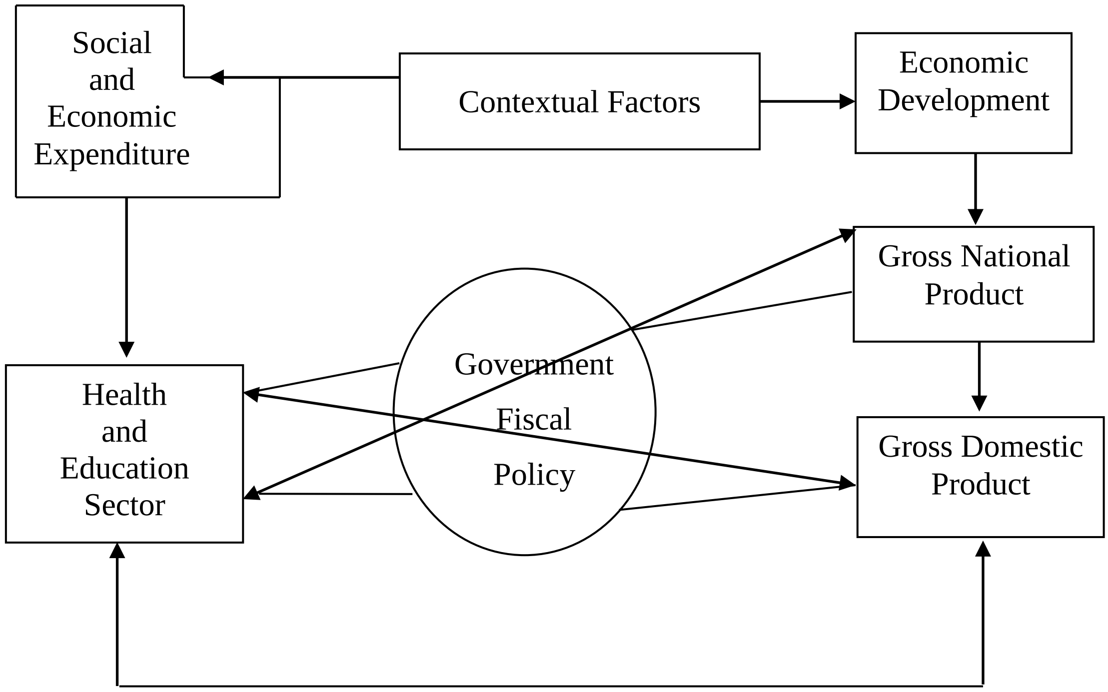


**Figure 2.1:** Conceptual Framework Showing the effect of social and economic service expenditure dimension and measures of economic growth.

**Concept of Social and Economic Service**

Nnamani, Okechukwu and Chigozie (2012), define social service as a set of programs organized by government aimed at achieving some objectives. They further explained that social services relate to the social system in which the goals of social policies are mostly directed towards making some changes not only within the structure of the society but also concerns with the living conditions of the people in the society. Okorijo – Uweala (2007) once said that social service programs are services oriented programs provided by a governmental agency for the welfare of citizen or the community in the area of housing child protection, free education and health care delivery. It helps in meeting people's need in health education and housing in order for them to attain self actualization and happiness.

Although, Ujo (2007) observed that the concept of social service encompasses improvement in the social status of the people and the society at large. It is about reduction of poverty, improving conductions of women and workers in the society. Conversely, according to (Nnamani, Okechukwu and Chigozie, 2012) Nigeria has weak state based supported social welfare system; hence, most of her citizens rely on their extended families in their old age where as medical services are only provided for government employees and few company workers in commercial enterprises while the rest of the population are left on their own.

Several attempts by successive government to reform health sector suffer set-backs in Nigeria. Health and Educational facilities are under supplied and many of the health care centers even schools are lacking qualified personnel. This results increases the challenges experienced on a daily bases within the health and educational sectors in Nigeria.

Similarly, economic services expenditure on the other hand has to do with the business of using government revenue generated from sources such as tax, lives, and grants in providing necessary needs of the citizens. It has to do with those expenses the government raise in order to carry out social and economic services progammes.

**Concept of Economic Developments**

Muritala and Taiwo (2011) defined economic development as a long term economic activity that have the capacity to boast economy in diverse areas in providing goods and services to its growing population. It is the development of human and economic capacity through advancing technological and institutional ideological needed of a developed nation. This simply means that economic development could be refers to as increase in the country's Gross Domestic production (GDP), Gross National products. (GNP) and productivity, although this may differs depending on the country's economic indicators and how they are been measure.

According to Ogundepe and Oluwatobi (2010), economic growth which could be likened to economic development, however for an economy to grow, it must have the capacity to break the cycle of poverty. (Bonmwa and Ogboru, 2017) defined economic development as the steady process by which the productive capacity of the economy is increases over time such that it brings about increasing levels of national resources. Although, economic development are mainly quantitative in nature with other measurable attributes Ogboru, (2016). In another development, (Bonmwa and Ogboru, 2017) described economic development as economic growth plus change. They further explained that an economy can grow but that does not mean it is developed. However it is difficult to separate economic development without recourse to economic growth. Though, they may differ in concept but they are used interchangeably most time.

**Measures of Economic Development**

The measure of economic development has to do with the various indicators that constitute economic development of a country. As earlier mentioned economic growth are mostly refers to as economic development, therefore some of what represents economic growth are also refers to as measure of economic development. Although, economic development encompasses economic growth and their corresponding positive changes in the economy. However, the measures of economic development include Gross domestic products (GDP), increase productivity, the study will to be constrained to Gross National produces and Gross Aomiestic products.

Gross Domestic product (GDP), according to Alex (2013), is one of the measures of national income and out put for a given country's economy at a given period of time. It is the total market value of all goods and services produced within the country within a given period of time. Wyatt (2004), observed that Gross Domestic product otherwise called GDP measures the total income of every citizens in the economy. It captured total expenditure expended on the economy's output such goods and services. Similarly Gross National product (GNP), according to Shamsul (2004), includes the total value of money of annual domestic product of a country, plus incomes, which is investment earned abroad by its residents, minus payments made to non- residents and foreign institutions that is interest on foreign loans and repatriated profits made by foreign investors.

**Empirical Review of Related Literature**

Under the empirical review of related literature the following studies were reviewed:
Gukat (2015) examined the relationship between government expenditure on human capital and economic growth in Nigeria. The study used the error correction method in analyzing the data used for the study and it was found that public expenditures on human capital development has a positive and significant impact on economic growth in Nigeria.

Also, Oyinlola and Akinnibosum (2013) investigated the relationship between public expenditure and economic growth in Nigeria within the year 1970-2009. The variables used in the study were the components of public expenditure which include current expenditure, capital expenditure, administrative experts, community and social services and transfer. The study uses the co-integration test statistics and from the results obtained, it was confirmed that there exists long terms relationship between variables used in the study. This result also collaborate other findings as in case of Nworji, Okwu, Obiwuru and Nworji (2012), Oyinlola and Akmnibosun (2013).

Similarly Emori, Duke and Nneji (2015) examined the impact of Government expenditure on the Nigeria economy using Augmented Dickufullar (ADF) unit root test and OLS regression test. It was found that public expenditure has significant effect on Nigeria economic growth. Udofia and Godson (2016) examined the impact of Federal Government expenditure on the Nigerian economy. The data for the study was extracted from the Central Bank form 1981 – 2015, while the variables used in the study include recurrent capital expenditure and Gross Domestic Product (GDP) and these variables were analyzed using the ordinary least squares method. The results obtained from the analyses shows that Federal Government capital and recurrent expenditure have a positive effect on real Gross domestic product (GDP). From all the studies reviewed so far, it was noted that studies were on public expenditure and Federal Government expenditure with respect to their relationship on economic growth in Nigeria. Little or nothing has been done in the area of relationship between social and economic service expenditure on economic development. Therefore, this study is meant to fill in the existing gap in literature.

## METHODOLOGY

**Sources of Data**

The used in this study was source for and extracted from the Central Bank of Nigeria (CBN) online statistical database in *https://www.indexmundi.com* from the 2006 – 2016.

**Research Design**

The research design for this study was an ex post facto research design. An ex post facto research design can be defined as a form of research design used in determining cause-effect relationship in which one variable is consider as a dependent and the other an independent in such a way that a causal link exist in their relationship.

## Model Specification

The study adopted the Keynesian model. According to (Bonmwa and Ogboru 2016) believes in the fact that increase in Government expenditure may likely leads to corresponding economic development. Therefore, the functional relationship could be represented as thus:

GDP = F (social service and Economic service expenditure in Health and Education)

GNP = F (social service Economic service expenditure Health and Education)

The transformation of the above model, shall be stated as thus

$\text{Log GDP} = \alpha_{+} \alpha_p \log \text{HS} + \alpha_2 \log \text{ES} + \mu_1$ (1)

$\text{Log GNP} = \alpha_0 + \alpha_1 \text{long HS} + \alpha_2 \text{long ES} + \mu_1$ (2)

$\alpha_{0>0,}\ \alpha_{>1}\ \alpha_2 > 0$, and $b_o$, b, $b_{270}$

The models measures the effect of GDP on Social and Economic service expenditure (HS and ES), also the effect of GNP on social and economic service expenditure (HS and ES) respectively. Also, $\mu_1$ present the disturbance term

## Model Estimation Techniques

The model shall be estimated following the below techniques as well as procedures.

i. **Descriptive Statistics:** The descriptive statistic as examine to test for mortality of the variables under investigation using the lacquer – Bera test Statistics. Chinyere (2015).

ii. **Unit Test:** This is done in order to test for stationarity of the variables used in the study using the Augmented Dickey Fuller test.

iii. **Model Estimation:** This is done in order to estimate the parameter of the model specified in the study and the test statistics used was Multiple Regression.

## RESULTS

**Table 4.1 Descriptive Statistics of the Variables under the Study**

| Variables | Mean | Median | Min | Max | Std-Dev | Skewnes | Kurtosis | Jargue-Bera | Probability |
|---|---|---|---|---|---|---|---|---|---|
| LOGGDP | 10.603 | 10.908 | 11.453 | 7.407 | 1.133 | -2.231 | 7.054 | 16.660 | 0.000 |
| LOGGNP | 6.001 | 5.838 | 7.807 | 5.655 | 0.608 | 2.695 | 8.601 | 27.700 | 0.000 |
| LOGHS | 1.082 | 1.012 | 1.754 | 0.820 | 0.272 | 1.592 | 4.480 | 5.648 | 0.059 |
| LOGSSE | 21.675 | 21.919 | 22.264 | 20.902 | 0.530 | -0.480 | 1.478 | 1.485 | 0.476 |

***Source: Researcher's Calculation, 2018 Using Eviews version10***

Table 4.1 above shows the summary descriptive statistics of the variables under the study, and all indications LOGGDP has a mean value (10.603) with P-value (0.000) revealing the variable is not normally distributed, LOGGNP (6.001) with P-value (0.000), LOGHS (1.082) with p-value (0.059) which is greater than the standard p-value of (0.05). This shows that LOGHS is normally distributed. Similarly, the variable LOGSSE has a value (21.675) with p-value (0.476) indicating that it is normally distributed respectively according to the null hypothesis of normality (Jarue, 1998).

**Unit Root Test**

Unit root test is conducted in order to confirm the stationarity level of the variables under investigations.

**Table 4.2: Unit Root Test Using Augmented Dickey Fuller Test (ADFT)**

| Variables | Augmented Dickey Fuller Test(ADFT) | | |
|---|---|---|---|
| | Level 1(0) | 1st Difference 1(1) | 2nd Difference 1(2) |
| LOGGDP | -0.314 | 2.290 | 0.680 |
| LOGGNP | 1.474 | -0.816 | -0.409 |
| LOGHS | -1.673 | -0.330 | -9.72 |
| LOGSS | -1.411 | -3.613 | - |

***Source: Researcher's Calculation,2018 Using Eviews version10***

Table 4.1 shows the Stationary test of the independent variables and dependent variable tested at level, 1st difference and 2nd difference using Augmented Dickey Fuller (ADF) test. The table indicates that all the variables LOGGDP, LOGGNP and LOGHS are all stationary at the 2nd difference except LOGSS that was stationary at the first difference.

**MODEL ESTIMATIONS**

**Model 1**

The model below is the results of the estimated model specified in the study, it is shown as follows:

**Table 4.3: Estimation of Model Specified in the Study**

**Dependent Variable LOGGDP**

| Variables | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 2.356494 | 15.75941 | 0.149529 | 0.8848 |
| LOGHS | -1.304414 | 1.447064 | -0.901421 | 0.3937 |
| LOGSSE | 0.445566 | 0.743642 | 0.599167 | 0.5656 |

***Source: Researcher's Calculation, 2018 Using Eviews Version 10***

LOGGDP = 2.36 - 1.304*LOGHS + 0.445*LOGSSE

R-squared = 0.106, Adjusted R-squared = -0.118
F-stats = 0.472, DW = 1.881

The result above shows that social and economic Service expenditure in health has a negative coefficient (-1.304). This means that a 1% increase in social and economic Service expenditure in health increases LOGGDP by -1.304%. The t-statistics value (-0.901) is less than 2 by the rule of the thumb, showing that social and economic Service expenditure in education has no significant effect on LOGGDP. P > 0.05 (i.e.

0.394>0.05) thus, validating the fact that there is no significant effect health Service expenditure has on LOGGDP. Similarly, Social and economic Service expenditure in education has a positive coefficient (0.446). This means that a 1% increase in Social Service expenditure in education increases LOGGDP by 0.446 %. The t-statistics value (0.599) is less than 2 by the rule of the thumb, showing that Social Service (Education) expenditure has no significant effect on LOGGDP. P > 0.05 (i.e. 0.565>0.05) thus, confirming that there is no significant effect Social Service expenditure in education has on LOGGDP.

Similarly, the R-square value (0.106) shows that the explanatory variables explained 10.6 % variation in the dependent variable of LOGGDP. F-statistics is 0.472, which is less than the F-critical 3.59. This implies that the model is not significant as well as reliable. Therefore, the null hypothesis should be rejected and we conclude that there is no significant effect of social and economic service expenditure in health and education has on the economic development (GDP) of Nigeria within the period under the study (2006 – 2016).

**Model 2:**

In model two the logarithm of Gross National Product (LOGGNP) is considered as the dependent variable whereas others are the independent variables.

**Table 4.4: Estimation of Model Specified in the Study**
**Dependent Variable LOGGNP**

| Variables | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | -1.383201 | 7.560942 | -0.182940 | 0.8594 |
| LOGHS | 0.893722 | 0.694263 | 1.287297 | 0.2340 |
| LOGSSE | 0.296076 | 0.356779 | 0.829858 | 0.4307 |

***Source: Researcher's Calculation, 2018 Using Eviews version10***

LOGGNP = -1.383 + 0.894*LOGHS + 0.296*LOGSSE

R-squared = 0.285, Adjusted R-squared = 0.105998
F-stats= 1.593, DW= 1.940

The result above shows that social and economic Service expenditure in health has a positive coefficient (0.894). This means that a 1% increase in social and economic Service expenditure in health increases LOGGNP by 0.894%. The t-statistics value 1.287) is less than 2 by the rule of the thumb, showing that health Service expenditure has no significant effect on LOGGNP. P > 0.05 (i.e. 0.2340>0.05) thus, validating the fact that there is no significant effect health Service expenditure has on LOGGNP. In like manner, Social and economic Service expenditure in education has a positive coefficient (0.296). This means that a 1% increase in Social Service expenditure in education increases LOGGNP by 0.296%. The t-statistics value (0.431) is less than 2 by the rule of the thumb, showing that Social Service (Education) expenditure has no significant effect on LOGGNP. P > 0.05 (i.e. 0.431>0.05) thus, confirming that there is no significant effect Social Service expenditure in Education on LOGGNP.

Specifically, the R-square value (0.285) shows that the explanatory variables explained 28.5 % variation in the dependent variable of LOGGNP. F-statistics is 1.593 which is less than the F-critical 3.59. This implies that the model is not significant as well as reliable. Therefore, the null hypothesis should be rejected and we conclude that there is no significant effect of social and economic service expenditure in health and education has on the economic development (GNP) of Nigeria within the period under the study (2006 – 2016).
Over the years, federal government of Nigeria has always allocated more funds to social and economic service expenditure in both Education and health which does not result in the creation of any economic development.

## Conclusion

Social and economic service expenditure in health and education activities is expected to contribute positively to economic development, while government expenditure expended on consumption is expected to retard economic development whereas the reverse is the case in Nigeria. Government controls the economy of the country through the use of public expenditure. This instrument of government control promotes economic growth in the sense that public investment contributes to capital accumulation. The beauty of public expenditure in promoting economic growth lies with the way it is been spent.

## Recommendations

Based on the discussions of findings from this study, the following recommendations are made.

1. Government needs to diverse its allocation to other sectors that will bring about feasible change in the economy such as agriculture and industry.
2. There is the need for government to provide an enabling environment for investors to invest in others areas that will boast as well develop the economy especially in the areas of security. Existing infrastructural facilities should be improved upon in order to guarantee confidence in our security system.
3. There should be adequate control techniques to ensure that budgetary allocation for different sectors of the economy are judiciously utilizes for the development of which it is meant for.
4. There is need for Government at all level to cut down on her recurrent expenditure and spend more on capital development projects that will go a long way in providing a favorable platform for business activities to flourish.

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